



July 25, 2014

To: Executive Board

Subject: **Foothill Transit Deferred Compensation Plan and Defined Contribution Plan Update**

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### **Recommendation**

Receive and file this report describing the progress made in establishing both a Deferred Compensation Plan (457b) and Defined Contribution Plan (401a).

### **Analysis**

On June 21, 2013 the Executive Board authorized the Executive Director to establish a retirement plan for all Foothill Transit employees. Foothill Transit will contribute seven percent of the employee's annual salary into the plan and will match up to an additional two percent for each employee. The employees will also have an ability to save into a tax-deferred compensation plan.

In December 2013, after a competitive procurement, Foothill Transit hired Wells Fargo Advisers to assist with general plan design, development of an RFP, evaluation of proposals, and to provide education and savings advice to employees. The legal firm of Thompson, Coburn and Associates also assisted with RFP development and proposal evaluation.

Three retirement advisors responded to Foothill's request for proposals. The successful proposer, ICMA Retirement Corporation (ICMA-RC) is an independent, non-profit corporation who has served the public sector for over 40 years. ICMA-RC provided the most complete proposal response at the best value.

The Foothill Transit retirement plan consists of a 401(a) plan specifically for employer contributions and a 457(b) governmental plan for elective deferrals by the employees. Both plans meet IRS regulations and will provide employees with maximum flexibility for saving and investing.

The plans were put in place during the first week in July and all employees were enrolled by July 10, 2014. Deposits have been made to each employees account for amounts due during FY 13-14. Educational meetings (both group and individualized) began on July 11, 2014. All meetings were concluded by July 22, 2014. Employees have the ability to modify their contributions, view their portfolio progress, and seek additional assistance either through the ICMA-RC online system or through the customer service system. Employees also have the ability to seek financial, savings, and investing advice through Wells Fargo Advisors.



**Budget Impact**

The cost of providing this employee benefit was included in the FY 2014-2015 budget.

Sincerely,

A handwritten signature in blue ink that reads "Michelle Lopes Caldwell".

Michelle Lopes Caldwell  
Director of Finance

A handwritten signature in blue ink that reads "Doran J. Barnes".

Doran J. Barnes  
Executive Director